



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |                             |   |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

House Bill 887 authorizes the Department of Elder Affairs to modify its local system of service delivery to develop a single point of entry for all persons over 60 seeking services through the Community-Care-for-the-Elderly Program, the Home-Care-for-the-Elderly Program, the Aging Disabled Services Medicaid Waiver Program, the Assisted Living for the Elderly Program, and the Older American's Act. The new single point of entry is to be called an "aging resource center."

The aging resource center (ARC) is to "integrate" the staff of DOEA's CARES nursing home screening program, as well as a sufficient number of staff of the Department of Children and Families Economic Self-Sufficiency Services Program Office to determine financial eligibility for all persons age 60 and older seeking Medicaid services. The staff of the local Area Agency on Aging is also to be integrated into the ARC.

The bill requires that the ARC provide an initial screening of each client who requests services to determine whether the person would be most appropriately served through state programs, federal programs, volunteer services, or by privately paying for the services. The programs and services administered by the ARC are: the Community Care for the Elderly Program, Local Services Programs, the Home Care for the Elderly Program, the Aged and Disabled Adult Medicaid Waiver Program, the Assisted Living for the Elderly Medicaid Waiver Program, and Older American's Act Services.

The ARC is to determine eligibility for services under the above programs, and services in these programs are not to be reimbursed except through the ARC system.

The bill encourages DOEA to develop and pay capitation rates for services delivered via the aging resource center system; requires an evaluation which is to include a plan for expansion of the services under the aging resource center's direction and a plan to address the appropriateness of integrating the state's various Medicaid waivers into fewer programs that serve a broader population of elders.

The bill requires that providers in the ARC system either coordinate or provide services under the program but does not allow providers to do both, having the effect of separating case management from service provision in aging services delivery.

#### **Area Agencies on Aging**

Area Agencies on Aging (AAA) are the administrative entities used by DOEA to manage aging services in the state. When DOEA was created, AAAs assumed the functions formerly performed by HRS district Aging and Adult Services offices, in essence, making the AAAs in effect DOEA's district offices. The AAAs perform program oversight for DOEA at the local level; for example, DOEA has contractual agreements with the AAAs to oversee the Medicaid Aged/Disabled Adult waiver and the Medicaid

Assisted Living for the Elderly waiver. Area Agencies contract for and monitor service delivery under the state's Community Care for the Elderly, Home Care for the Elderly, and the federal Older Americans Act Programs. In addition, each AAA is responsible for developing a comprehensive and coordinated community-based system of care which is based on a thorough needs assessment and then implemented through contracts with CCE lead agencies to provide case management and direct client care.

Florida has long aligned its Federal Older American's Act Planning and Services Areas to correspond with the 11 Department of Health and Rehabilitative Services service districts which were in existence prior to the formation of the Department of Children and Family Services. When DOEA became the state unit on aging in 1992, it continued to use the same boundaries for program purposes. The Older Americans Act requires states to establish an Area Agency on Aging in each PSA. Thus, there are 11 AAAs in Florida.

### **Lead Agencies**

Lead agencies are the local community agencies that provide state-funded aging services directly to individuals. Lead agencies have provided case management services to the state's functionally impaired elders since 1980, when the Legislature expanded the Community Care for the Elderly program statewide. The Community Care for the Elderly Act required that each PSA in the state develop at least one community care service system to enable functionally impaired elders to live independently in the community and prevent unnecessary nursing home placement. A "community care service system" is defined in s. 430.203, F.S., as a "service network comprising a variety of home-delivered services, day care services, and other basic services referred to as 'core services,' for functionally impaired elderly persons which are provided by several agencies under the direction of a single lead agency. Its purpose is to provide a continuum of care encompassing a full range of preventive, maintenance, and restorative services for functionally impaired elderly persons." A "lead agency" is defined in s. 430.203, F.S., as "an agency designated at least once every 3 years by an area agency on aging as the result of a request for proposal process.

The Community Care for the Elderly law requires AAAs to contract with lead agencies to coordinate case management and ensure that "core services" are available to meet the needs of the elders in their communities. The statute provides that core services "must include case management and may include homemaker and chore services, respite care, adult day care, personal care services, home-delivered meals, counseling, information and referral, and emergency home repair services."

Lead agencies may directly provide these services or subcontract with other providers. In essence, the lead agencies were developed specifically for the Community Care for the Elderly Program, although they now function to provide case management and services under other programs (i.e., Aging Disabled Medicaid Waiver, Assisted Living Medicaid Waiver, Home Care for the Elderly, and Alzheimer's Disease Initiative) as well.

Although the majority of direct services are provided through contracts with the lead agencies, the AAAs can provide services directly to caregivers in crisis through the Family Caregiver Support Initiative. In addition, the AAAs manage the Elder Helpline.

### **Separation of Case Management and Services**

There has been a long-standing disagreement in Florida about whether the function of case management should be performed by the same entity which renders the services that are being managed. The Community Care for the Elderly Program, since its inception, provided "one stop shopping" for an elderly individual in need of services. In the CCE program, applications for services come from a variety of sources; individuals may call the lead agency directly, as may local law enforcement, churches, hospitals, or DCF protective services investigators. Referrals may also come through the AAA. Elderly individuals are assessed as to frailty and need and then are either enrolled in the program, if funds are available, or placed on a waiting list. Individuals are assigned to a case

manager who is responsible for performing a comprehensive assessment and authorizing needed services.

Area Agencies receive an allocation of Community Care for the Elderly funds based on the elderly population of each PSA. The AAAs then determine the relative allocations of funds to Lead Agencies in each county in the PSA. The Lead Agencies are required to provide services to program participants within the amounts of funds that are allocated to the county in which the lead agency operates.

The current arrangement for case management and services under CCE is authorized in s. 430.203, F. S., which states:

(3) "Community care service system" means a service network comprising a variety of home-delivered services, day care services, and other basic services, hereinafter referred to as "core services," for functionally impaired elderly persons which are provided by several agencies under the direction of a single lead agency. Its purpose is to provide a continuum of care encompassing a full range of preventive, maintenance, and restorative services for functionally impaired elderly persons.

and:

(9)(c) In each community care service system, the lead agency must be given the authority and responsibility to coordinate some or all of the services, either directly or through subcontracts, for functionally impaired elderly persons. These services must include case management and may include homemaker and chore services, respite care, adult day care, personal care services, home-delivered meals, counseling, information and referral, and emergency home repair services.

As well as s. 430.205 (2), F.S., which directs:

(2) Core services and other support services may be furnished by public or private agencies or organizations. Each community care service system must be under the direction of a lead agency that coordinates the activities of individual contracting agencies providing community-care-for-the-elderly services. When practicable, the activities of a community care service area must be directed from a multiservice senior center and coordinated with other services offered therein. This subsection does not require programs in existence prior to the effective date of this act to be relocated.

The role of the Area Agency on Aging is defined in 430.204, F.S.:

(1)(a) The department shall fund, through each area agency on aging, at least one community care service system the primary purpose of which is the prevention of unnecessary institutionalization of functionally impaired elderly persons through the provision of community-based core services. Whenever feasible, an area agency on aging shall be the contracting agency of preference to engage only in the planning and funding of community-care-for-the-elderly core services for functionally impaired elderly persons.

DOEA believes that it has statutory authority to mandate the separation of the case management function from that of provision of services authorized by case managers. DOEA believes that the statutory language in s. 430.203(9)(c) authorizes the department to require that lead agencies provide only case management and purchase other services from separate agencies which have been recruited by area agencies. DOEA reports that it has modified its procurement guidelines to require that AAAs bid services and case management separately. DOEA has reported that it believes that the separation of these two functions remedies a "conflict of interest" produced by an incentive for lead agencies to prescribe predominantly those services for which they will be reimbursed, rather than the services an applicant needs and desires.

Many CCE Lead Agencies believe, on the other hand, that this separation destroys the concept of “one stop shopping.” Further, they report that their ability to supervise and manage the personnel who provide services leads to higher quality and that the costs which they charge are below those of other entities providing similar services in an area.

CCE lead agencies contend that the current arrangement that provides each lead agency an allocation of funds within which it must manage forces them to operate within the assigned budget, as a prudent purchaser. Some providers see the traditional system as working similarly to a managed care plan in which an entity is placed at-risk to provide all services within a defined benefit schedule, with an incentive to substitute less expensive, but equally effective, services which prevent the enrollee from requiring more extensive and more expensive services.

C. SECTION DIRECTORY:

**Section 1** amends s. 430.205, F.S., to require the DOEA to develop a model system for integrating all state-funded services for the elderly into a managed, long-term care system, directed by an aging resource center. The DOEA is to be responsible for administrative oversight of the model system, designating areas and proposals to develop aging resource centers, and determining capitation rates for the centrally provided services. Providers are to either coordinate or provide services, not do both.

**Section 2** provides an effective date of July 1, 2004.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

No additional revenues are created.

2. Expenditures:

The department has not provided a bill analysis; however, to the extent that staff of CARES offices and DCF Economic Self-Sufficiency are relocated, there will be relocation costs and additional technology costs.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

To the extent that existing referral patterns are changed, private service providers may see changes in revenue streams. Providers which currently provide both case management and services would no longer be able to provide both these services and would be forced to terminate staff providing the service not chosen. It is reasonable to project the dissolution of some CCE lead agencies.

D. FISCAL COMMENTS:

The fiscal impact of the bill has not been determined.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Art. VII, s. 18, of the Florida Constitution.

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**